

APPENDIX G.4

ALLOWABLE COSTS IN THE TOTAL COST OF COMPENSATION

Purpose

This Appendix is intended to prescribe those agency personnel costs that may be included in the determination of total cost of compensation (TCC) for the purpose of reimbursement claims for state fire resources mobilization under this *Mobilization Plan*. No costs, direct or indirect, other than those prescribed below may be claimed as part of TCC or as other reimbursable personnel costs of any provider agency.

Provisions of the *Mobilization Plan*

The *Mobilization Plan* provides for TCC in Section 14.1.4:

Cost Measure: "The measure to be used for the regular paid or career personnel costs of fire agencies is the total cost of compensation (TCC), including benefits."

The intent of the *Mobilization Plan* is that the provider agency be made whole, i.e., that its total direct costs of compensation provided to the employee be reimbursed; indirect costs are not included.

Total cost of compensation includes direct benefit costs, e.g., medical and dental insurance, other insurance benefits, required retirement contributions (including FICA), and industrial insurance (see below for comprehensive list). All of these are direct costs of individual employee compensation.

Overhead and indirect expense costs are not allowed. The fact that such costs may be calculated as part of the overall expense of operations does not change them into direct costs of employee compensation that are recoverable by reimbursement under the *Mobilization Plan*. Examples of overhead or indirect costs that are not reimbursable are calculated costs of vacation, sick leave, holidays, and other authorized personal leave, whether viewed separately or taken together in a calculation of "productivity cost" or other term.

Under defined circumstances, the overtime premium of required direct replacement (backfill) personnel is allowed for in the *Mobilization Plan*. The indirect costs attributable to normal operational staffing because of personal leave allowances granted to employees are not recoverable under the *Mobilization Plan*.

Total Cost of Compensation (TCC)

The following direct agency costs for employees are includable in determining TCC for the purpose of agency cost reimbursement claims. No other costs, direct or indirect, may be included.

- Direct Compensation (salary or wage, including regularly included adjustments allowed, e.g., qualification premiums, education premium, longevity)
- Social Security (FICA and Medicare)
- Retirement System Contributions (e.g., LEOFF or PERS)
- State Industrial Insurance (e.g., Washington State Department of Labor and Industries)
- Medical Insurance
- Dental Insurance
- Disability Insurance
- Life Insurance
- Employee Assistance Plan (EAP)

Overtime TCC

In determining overtime premium TCC, the costs of employer-provided insurance costs (e.g., medical, dental, disability, life, and EAP) are excluded. The costs for those benefits are totally accounted for in the determination of regular TCC. They are independent of direct compensation, retirement taxes/contributions, or costs based on hours worked (e.g., state industrial insurance).